

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 PA-02 PRS-01 DODE-00 L-03 H-02 (ISO) W

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1316

UNCLAS SECTION 01 OF 02 PARIS 18431

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: RECENT FOURCADE PRESS QUOTES

1. RE WIDMAN-DYCHE TELCON, AN ARTICLE IN LEMONDE OF 12 JULY PROVIDES SINGLE BROADEST COVERAGE OF RECENT STATEMENTS BY FINANCE MINISTER FOURCADE. THE QUOTES IN THIS ARTICLE AND OTHERS RECENTLY IN FRENCH PRESS HAVE NOT IN MANY CASES APPEARED IN PRESS SERVICE DISPATCHES. THEY MAY HAVE BEEN GIVEN AS BACKGROUND INFORMATION TO SOME BUT NOT ALL REPORTERS. APPARENTLY ALL OF THEM WERE SELECTED FROM FOURCADE'S STATEMENTS TO HIS EC COUNTERPARTS IN BRUSSELS. THUS THE CONTEXT OF THESE QUOTES REMAINS VAGUE.

2. FOLLOWING IS A TRANSLATION OF SELECTED PORTIONS OF THE LEMONDE ARTICLE (QUOTES INDICATE FOURCADE STATEMENTS):

"THE PROFOUND DISORGANIZATION OF THE MONETARY SYSTEM CREATES OBJECTIVELY THE CONDITIONS FOR A WORLD RECESSION." IN STRONGLY DEFENDING THIS THESIS
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... BEFORE HIS COLLEAGUES OF THE NINE ... FOURCADE TOOK

ACCOUNT OF AND AMPLIFIED THE RECENT PROPOSALS DELIVERED
TO AMERICAN JOURNALISTS BY PRESIDENT GISCARD D'ESTAING...

GENERALIZED FLOATING IS A "DANGEROUS SYSTEM
BECAUSE IT CONSTRAINS ECONOMIC RECOVERY." EXPANSIONARY
FISCAL MEASURES ENVISAGED IN THE WESTERN COUNTRIES WILL
NOT HAVE ANY EFFECT IF NOTHING IS DONE TO STABILIZE THE
EXCHANGE MARKETS. UNRESTRAINED FLOATING DISLOCATES
COMMERCIAL FLOWS AND RENDERS THE PLANNING OF INTER-
NATIONAL INVESTMENTS IMPOSSIBLE. IT IS THE ORIGIN OF A
SERIOUS "UNCERTAINTY ABOUT THE FUTURE PRICE OF OIL" AND
ENCOURAGES INFLATION ... THE UNITED STATES HAS ITS
PART OF THE RESPONSIBILITY FOR THIS RAPID FLIGHT. IN
WISHING TO PRESERVE THE ROLE OF THE DOLLAR IN FOREIGN
EXCHANGE RESERVES, ALL THE WHILE LETTING IT FLOAT
FREELY, IT PARTICIPATES IN "AN ORGANIZED DESTRUCTION
OF THE ENTIRE WESTERN ECONOMIC SYSTEM."

WHAT ACTIONS CAN BE TAKEN TO AVOID "A GENERAL
RECESSION AMONG THE INDUSTRIALIZED COUNTRIES?"
M. FOURCADE DIDN'T HAVE A READY REPLY. HE SIMPLY
WISHES THAT HIS EC PARTNERS AS WELL AS HIS WESTERN
PARTNERS WOULD THOROUGHLY DISCUSS THE PROBLEM.
THIS WOULD BE THE OBJECTIVE OF THE MONETARY CONFERENCE
SUGGESTED BY M. GISCARD D'ESTAING ... THE COLLEAGUES
OF M. FOURCADE HAVE ALREADY TAKEN A STEP IN HIS
DIRECTION. THEY RECOGNIZED, LIKE FRANCE, THE NECESSITY
OF RETURNING TO FIXED BUT ADJUSTABLE PARITIES. PARIS
WILL NOT BE CONTENT WITH A SIMPLE DECLARATION OF
INTENTION. THE FRENCH GOVERNMENT DESIRES THAT THE
MEANS AND STEPS OF A RETURN TO NORMALCY BE FIXED.

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INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

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3. THE MOST CONTENTIOUS STATEMENT YET BY M. FOURCADE REFERS TO THE "ORGANIZED DESTRUCTION OF THE ENTIRE WESTERN ECONOMIC SYSTEM." THIS STATEMENT IS QUOTED AS A PHRASE ONLY AND THE VERB IS PROVIDED BY THE EDITORS OF LEMONDE. THE PRESS QUOTATION MENTIONED IN WIDMAN-DYCHE TELCON COULD BE AN INACCURATE TRANSLATION OF THE VERB FORM PARTICIPENT A BUT FRENCH PRESS SERVICE DISPATCHES APPARENTLY DID NOT CARRY THIS STATEMENT AS A FULL QUOTE. THUS ITS CONTEXT REMAINS UNKNOWN. ONCE SOURCE STATES THAT IT OCCURRED IN A REVIEW OF THE RESPONSIBILITIES OF WESTERN NATIONS FOR PRESENT ECONOMIC DIFFICULTIES AND THAT FOURCADE DIDN'T BLAME THE U.S. ALONE. IN ANY CASE, THIS QUOTE WAS NOT PLAYED UP BY THE FRENCH PRESS GENERALLY. FOR EXAMPLE, IT DIDN'T APPEAR AT ALL IN LEMONDE AND SEVERAL OTHER PAPERS. IT DID APPEAR IN L'HUMANITE.

4. EARLIER JUST BEFORE THE LAST MONETARY MEETINGS IN PARIS, FOURCADE WAS QUOTED IN A PRESS SERVICE DISPATCH (CARRIED IN LEMONDE) AS SAYING IN RESPONSE TO A QUESTION: "WE ARE CLOSE ENOUGH ON GOLD AND FAR APART ENOUGH ON EXCHANGE RATES. I MUST TELL YOU THAT FRANCE
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IS RATHER ISOLATED ON THE QUESTION OF EXCHANGE RATES."

5. A SCREENING OF RECENT PRESS SERVICE DISPATCHES AND NEWSPAPERS DOES NOT REVEAL ANY STATEMENT DIFFERING FROM WHAT HAS BEEN FOR SOME TIME THE STANDARD FOURCADE LINE. THE FINANCE MINISTRY PRESS RELEASE ON THE RETURN TO THE SNAKE AND THE BRUSSELS MEETING FOLLOWS IN SEPTEL.
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